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FROM AIT KAOHSIUNG BRANCH OFFICE

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SUBJECT: VANQUISHED KMT KAOHSIUNG MAYORAL CANDIDATE PLUGS KMT-LED
CITY REVIVAL

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(SBU) Summary: In his May 1 meeting with DDIR, twice-defeated KMT Kaohsiung mayoral candidate Huang Chun-ying said he had urged President-elect Ma to fulfill his economic pledges to Kaohsiung and recommended that the KMT put forward "clean" candidates for upcoming 2009 local races. He decried the DPP central government's failure to improve substantially Taiwan's north-south economic imbalance and underscored his hope that city officials would improve Kaohsiung's readiness to take advantage of direct cross-strait links. Downplaying the potential of proposed casinos in southern Taiwan, Huang suggested the focus should instead be on existing city projects. Huang is optimistic about the KMT's prospects in Kaohsiung's key 2010 mayoral race; if Ma's economic policies bring signs of a reviving local economy, Huang believes a majority of Kaohsiung voters will reward a competent KMT candidate with the mayoral seat the KMT last held a decade ago. End Summary.

Candidate Huang: Winning Some Vindication in 2008

12. (SBU) During his May 1 visit to Kaohsiung, DDIR Wang met with Huang Chun-Ying, a long-time KMT stalwart who was narrowly defeated in the last two hotly-contested Kaohsiung mayoral races. After losing a drawn-out legal battle last fall to overturn the disputed results of the most recent mayoral election, Huang returned to his post as professor at I-Shou University on the outskirts of Kaohsiung. During the 2008 election season, Huang campaigned actively for the KMT in Kaohsiung and gained a measure of vindication when the KMT captured three of five Kaohsiung seats in the January 2008 Legislative Yuan (LY) election and Ma Ying-Jeou surprisingly beat former Kaohsiung Mayor Frank Hsieh in Kaohsiung in the March 2008 Presidential election. While attending to his I-Shou University teaching duties, Huang is now also advising his local KMT colleagues on economic planning, both for Kaohsiung City and surrounding Kaohsiung County.

Professor Huang: Setting Stage for 2009 KMT Campaign

13. (SBU) In his meeting with DDIR, Huang gave Ma's proposed cabinet high marks, particularly Economic Affairs Minister-designate Yin Chi-ming. Pointing out that he and Yin knew each other well (Huang had approved Yin's doctoral thesis), Huang was confident Yin would seriously consider Huang's suggestions for Kaohsiung's economic development. While some local KMT supporters complained that Ma's cabinet did not include anyone from Kaohsiung, Huang said he counseled them not to pressure Ma on this point. Ma should have the scope to build a team that would be ready to work together right

away. Huang reiterated that he had no personal ambitions in this regard; his main priority was to find the best channel to advise Ma about Kaohsiung's economic problems and to encourage Ma to fulfill his economic pledges to the city.

14. (SBU) On the local political scene, Huang stated that the KMT's next major goal was to win the Kaohsiung and Tainan County magistrate slots as well as the Tainan City mayoral position in the 2009 "3-in-1" elections. Current Kaohsiung County Speaker Hsu Fu-sen had expressed an interest in running for Kaohsiung County magistrate, Huang mentioned, but his image may not be clean enough. KMT Central Policy Committee Director and current Legislative Yuan member Lin Yi-shih might also run for that magistrate slot to avenge his 2005 loss to DPP incumbent Magistrate Yang Chiu-hsing, who has now reached his two-term limit. The KMT's bottom line should be to promote candidates with a clean image, Huang reiterated, since those candidates had the best potential to win.

Economist Huang: Assessing Impact of Direct Links

15. (SBU) Huang lamented that Kaohsiung's economy had remained stagnant over the last eight years. He said he had urged President-elect Ma to make improving the city's economy a high priority, given Kaohsiung's strategic location and Kaohsiung Harbor's importance to Taiwan's economy. Despite the DPP's claim that it could better cater to southern Taiwan's interests, Huang argued, the DPP central government had not committed sufficient resources to correcting the north-south economic imbalance.

16. (SBU) Huang predicted that direct cross-strait links would

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impact Kaohsiung immediately because of its developed harbor and airport. He welcomed the prospect of more Chinese mainland tourists in Kaohsiung but questioned whether the city was prepared for the influx. Furthermore, the city needed to upgrade its tourist attractions to keep tourists in the city longer. Cruising on the refurbished Love River was pleasant enough but hardly enough to convince tourists to remain for several days and spend money.

Businessman Huang: Hoping for More Investment in City

17. (SBU) Asked about building casinos in Taiwan to attract tourists, Huang replied that Taiwan may have already missed its chance with the gaming industry in nearby Macau expanding so rapidly. Nevertheless, Taiwan's offshore Penghu Isles had positioned itself as a likely initial venue for casinos, since polls suggested that a strong majority of Penghu's residents were in favor of them. Downplaying the potential of casinos in Taiwan, Huang suggested that Taiwan take advantage of its sophisticated medical technology and focus instead on medical-related tourism.

18. (SBU) Huang praised Ma's initiative to persuade Foxconn (Hon Hai) Technology Group Chairman Terry Gou to invest in the fledgling Kaohsiung Software Park. Huang mentioned that he had previously proposed such an investment to Ma as a means of boosting Kaohsiung's economy and that he would personally work to bring the project to fruition. He also highlighted his interest in ensuring the success of Kaohsiung's newly-opened Dream Mall, currently Taiwan's largest shopping mall. Noting that Japanese and UK anchor stores had a big presence in Dream Mall, Huang hoped U.S. businesses could set up anchor stores in the mall. U.S. companies like Costco were very successful in Kaohsiung, he stressed, and there was excellent potential for similar ventures in the city, given the close people-to-people ties between the U.S. and Taiwan.

19. (SBU) Huang worried that Kaohsiung City Mayor Chen Chu was not properly coordinating the city's preparations for the 2009 World Games. She was still shuffling key personnel in her city government, he stated, and Kaohsiung Organizing Committee (KOC) CEO Cheng Chi had just resigned. Huang suggested that the Central Government intervene to ensure that the 2009 World Games succeeded and Taiwan did not lose face. Later, during a luncheon for DDIR, I-Shou President Fu Shen-li reiterated Huang's concerns, explaining

that Cheng Chi's resignation reflected the KOC's lack of qualified staff and inadequate support from the city.

Comment

¶10. (SBU) Although boasting a long resume of government service, Huang is an academic at heart, and after coming up short in two bruising battles for Kaohsiung mayor, he has expressed no qualms about returning to his old professorial perch at I-Shou University. At 64 years old, Huang is unlikely to make another run for mayor in two years' time, but he believes that the KMT is poised nonetheless to recapture Kaohsiung's mayoral seat in 2010 after a 12-year hiatus. If Ma's proposed "10 New Major Construction Projects for Kaohsiung" as well as direct cross-strait links begin bearing fruit for the city, Huang is confident that local voters will associate those gains with the KMT. In Huang's view, if the KMT then puts forward a mayoral candidate with a clean reputation, that candidate will best be able to persuade local voters that KMT good governance and not DPP ideology is the best tonic for the city's economic woes.

End comment.

CASTRO

YOUNG